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County of Los Angeles
CHIEF EXECUTIVE OFFICE

Kenneth Hahn Hall of Administration
500 West Temple Street, Room 713, Los Angeles, California 90012
(213) 974-1101
<http://ceo.lacounty.gov>

27-A of
1/26/10
Status

WILLIAM T FUJIOKA
Chief Executive Officer

February 10, 2010

Board of Supervisors
GLORIA MOLINA
First District

MARK RIDLEY-THOMAS
Second District

ZEV YAROSLAVSKY
Third District

DON KNABE
Fourth District

MICHAEL D. ANTONOVICH
Fifth District

TO: Supervisor Gloria Molina, Chair
Supervisor Mark Ridley-Thomas
Supervisor Zev Yaroslavsky
Supervisor Don Knabe
Supervisor Michael D. Antonovich

FROM: William T Fujioka
Chief Executive Officer

STATUS REPORT ON JANUARY 26, 2010 BOARD MOTION

On January 26, 2010, on motion of Supervisor Knabe, your Board directed the Chief Executive Officer (CEO) to report back in 14 days with recommendations on implementing a non-emergency freeze for fixed assets, and services and supplies that includes additional spending review guidelines and procedures that requires CEO approval of fixed assets, and services and supplies expenditures for all County departments. The CEO was also directed to report on what mechanisms are in place to ensure salaries and employee benefit savings derived from the hiring freeze do not end up as expenditures in other budget units within departments.

Additional time is needed to refine the guidelines before we can bring the matter back to your Board. We plan to return to your Board by the end of February with recommendations regarding this item.

If you have any questions or need additional information, please let me know or your staff may contact Sid Kikkawa at (213) 974-6872.

WTF:SK
CA:AHW:yjf

c: Executive Office, Board of Supervisors
County Counsel

"To Enrich Lives Through Effective And Caring Service"

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March 4, 2010

To: Supervisor Gloria Molina, Chair
Supervisor Mark Ridley-Thomas
Supervisor Zev Yaroslavsky
Supervisor Don Knabe
Supervisor Michael D. Antonovich

From: William T Fujioka
Chief Executive Officer

A handwritten signature in black ink, appearing to read "W. T. Fujioka", is written over the printed name of the Chief Executive Officer.

RESPONSE TO BOARD MOTION ON FIXED ASSETS AND SERVICES AND SUPPLIES EXPENDITURE FREEZE (BOARD MEETING OF JANUARY 26, 2010, AGENDA ITEM #27-A)

On January 26, 2010, on motion of Supervisor Knabe, the Board directed the Chief Executive Officer (CEO) to report back in 14 days with recommendations on implementing a non-emergency freeze for fixed assets and services and supplies that include additional spending review guidelines and procedures that requires CEO approval of fixed assets and services and supplies expenditures by all County departments. The CEO was also directed to report on what mechanisms are in place to ensure salaries and employee benefits savings derived from the hiring freeze do not end up as expenditures in other budget units within departments.

On February 10, 2010, our Office submitted a status report on the motion and requested an extension from the original due date to the end of the month.

In response to the Board motion, our Office has developed the following additional spending review guidelines and procedures:

- Freeze remaining fixed assets and review all encumbered contracts for fixed assets purchases.

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- Currently only 50 percent of fixed assets appropriation is frozen for all General Fund departments excluding Sheriff's, Fire and Health Services. In light of our fiscal climate, our Office will work with the Auditor-Controller to freeze all County departments' remaining fixed assets appropriation that is not already encumbered including reviewing the departments that were previously exempt.
- Departments must complete the attached Exception Form and submit the form to our Office for review and approval to unfreeze the appropriation. Fixed assets expenditures will only be approved if the equipment is deemed critical to the department's mission and is non-repairable. No fixed assets purchases may be made to enhance a department's operation.
- Grant-funded fixed assets purchases will be approved on a case-by-case basis.
- Freeze an additional 15 percent of the remaining non-essential services and supplies appropriation:
 - Currently 25 percent of the non-essential services and supplies appropriation is frozen. CEO budget analysts had previously reviewed each department's services and supplies appropriation and categorized the appropriation as either essential (i.e., rent expense, utilities, food, etc.) or non-essential (i.e., professional services, travel and training, etc.). From the non-essential list, our Office froze 25 percent of the appropriation.
 - Our budget analysts will review the current essential appropriation category list to further refine it and ensure that the exempted appropriation is correctly categorized. During the review process, any exempted appropriation that can be identified now as non-essential, will be subject to the additional 15 percent freeze.
 - Our Office will work with the Auditor-Controller to process the additional appropriation freeze.
 - Departments must complete the attached Exception Form and submit the form to our Office for review and approval to unfreeze the appropriation. Renovation expenditures will only be approved if it is determined that the current structure/environment creates a health and safety issue. Discretionary travel and training expenditures should be discontinued by all departments.

- All budget adjustments must receive final approval by our Office prior to processing by the Auditor-Controller. Budget adjustments which shift salaries and employee benefits (S&EB) appropriation savings to other appropriations (i.e., services and supplies, fixed assets or other charges), including action budget adjustments will continue to be monitored closely by our Office. Only the most critical requests will be approved for processing. This policy will preserve any S&EB savings achieved by departments and ensure that these savings are not used to offset other budgetary expenditures.
- Enhance the hard hiring freeze:
 - Currently all hiring requests except those positions included in the exemption list require CEO evaluation and are to be forwarded to our Office for review and approval. To strengthen the hard hiring freeze, our Office will review the present exemption list to further refine it and ensure that only the most critical health and safety positions are exempt. Any position that is removed from the exemption list will be subject to the hard hiring freeze and will require a hiring request with sufficient justification for submission to our Office.
 - Currently departmental promotions are excluded from the freeze. Promotions will now also be included as part of the hard hiring freeze. Promotion requests are to be forwarded to our Office for review and approval.
 - In keeping with our present practice, vacant positions will remain frozen unless the vacancy rate is greater than 35 percent for the budget unit or when a critical need justification is approved by our Office.
 - Management appointments will be reviewed on a case-by-case basis.
 - Departments should, where feasible, backfill revenue offset vacant positions with existing staff that are not revenue offset to enable departments to delete remaining vacancies.

To the extent these guidelines and policies are fully implemented, the results will assist in mitigating the current year's budget deficit and provide the County with a more stable fiscal base for next year's proposed budget. Our Office will work closely with the Auditor-Controller to implement these recommendations.

As our Office continues to explore and develop additional cost-saving options, including consolidation of programs and services, we will apprise your Board.

Each Supervisor
March 4, 2010
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If you have any questions or need additional information, please let me know or your staff may contact Sid Kikkawa at (213) 974-6872.

WTF:SK:CA
AHW:yjf

Attachment

c: Executive Office, Board of Supervisors
County Counsel
Auditor-Controller
All Department Heads

Exception Form - Requests for Hiring, Services and Supplies or Fixed Assets

Department / Cluster:							
Request Date:							
Exception Requested for: <i>(Please ✓ one box)</i>		<input type="checkbox"/> Hiring <input type="checkbox"/> Services and Supplies <input type="checkbox"/> Fixed Assets					
Program / Unit:							
Funding Description:		\$ ____ One-time \$ ____ Ongoing \$ ____ Revenue Offset					
Funding Source:							
Blanket Authority Request?		<input type="checkbox"/> Yes					
If Yes, Total Number of Positions Approved for Blanket Authority ____ (Use an Exception Request for each classification)		<input type="checkbox"/> No					
No. of Position(s) and Classification(s) for this Hiring Approval:		No. of Positions ____ Classifications ____ Names: ____ ____ ____ ____					
Complete this section only if your department is requesting that Services and Supplies or Fixed Assets appropriations be unfrozen:		Fund	Dept Code	Org Level 1	Org Level 2	Object Category	Dollar Amount
							\$
							\$
							\$
<u>Justification for Exception:</u>							
Department Approval:		<i>Signature Required (at the level of Administrative Deputy or higher)</i>					
CEO Budget Analyst:		<i>Signature Required</i>				<input type="checkbox"/> Approved	
						<input type="checkbox"/> Denied	
<u>Recommendation for Approval / Denial:</u>							
Employee Mitigation List:		Did any employees on the Mitigation List meet the requirements for this hiring exception?				<input type="checkbox"/> Yes	
						<input type="checkbox"/> No	
Budget Manager:		<i>Signature Required</i>				<input type="checkbox"/> Approved	
						<input type="checkbox"/> Denied	
Deputy Chief Executive Officer: (Final approval for hiring requests)		<i>Signature Required</i>				<input type="checkbox"/> Approved	
						<input type="checkbox"/> Denied	
Senior Assistant CEO (This approval required for S&S and Fixed Asset requests only)		<i>Signature Required</i>				<input type="checkbox"/> Approved	
						<input type="checkbox"/> Denied	